



City of New Haven
Stormwater Authority Project

Board of Alderman Hearing

January 20, 2011

City of New Haven Stormwater Authority

- What is it?
- How does it work?
- What are the benefits?
- What are the procedural steps?

City of New Haven Stormwater Authority

What is it?

- Public Act 07-154
- Changes funding for **existing** stormwater activities from being paid for through taxes to a user fee
- Different types of Authorities
 - “Enterprise Fund” Authority
 - Proposal before Board right now
 - All fees and the annual budget need Aldermanic approval
 - Does not have separate authority to issue debt
 - **Authority that is a separate corporate entity**
 - Similar in concept to Parking Authority or Housing Authority
 - **Regional Authority**
 - Similar to GNHWPCA

Other cities with Stormwater Authorities

There are over 300 municipalities that have implemented user fees for stormwater. Some examples include:

- Portland, OR
- Seattle, WA
- Clark County, WA
- Philadelphia, PA
- Fort Collins, CO
- Des Moines, IA
- Palo Alto, CA
- Springfield MO
- Sarasota, FL
- Gainesville, FL
- Charlotte, NC
- Durham, NC
- Tulsa, OK
- Newton, MA
- Reading, MA
- Louisville & Jefferson County, KY
- Columbia County, GA

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How does it work?

- All properties (taxable and tax exempt) evaluated for “impervious surface area”
 - ~95% of residential properties accessed at an average rate, called the “Equivalent Residential Unit” or ERU, with two additional categories for largest ~5% of residential properties
 - All other properties measured separately utilizing aerial maps (and site-visits as necessary), and converted to ERUs
- Properties pay based on how many ERUs they have – we estimate FY11-12 ERU will be \$40-50
- Credits given for efforts to mitigate stormwater run-off
- Initially, no changes to how services are run or amount of services – just how they are paid for

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What are the benefits?

- 1. Operational. By focusing operations under one Authority instead of multiple departments, greater operational effectiveness should be possible. After the Solid Waste Authority was created, over \$1 million in annual savings have been achieved through operational reforms (controls at the Transfer Station, better contracts, recycling changes, etc). Nothing that cannot happen without an Authority, but the governance structure that is most conducive to it.*
- 2. Environmental. Costs are currently hidden in general tax bill – by switching to a direct connection between usage and cost, an incentive is created to reduce run-off and environmental impact. Think of the difference between paying for heat through a higher rent charged to everyone in the apartment building or paying for your own heat separately – you are much more likely to keep the thermostat down and lower the storm windows if you pay for heat directly instead of buried in your rent an average of what everyone else is using.*

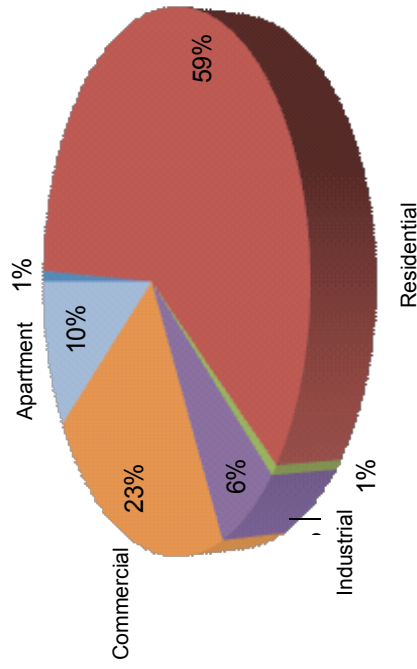
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What are the benefits?

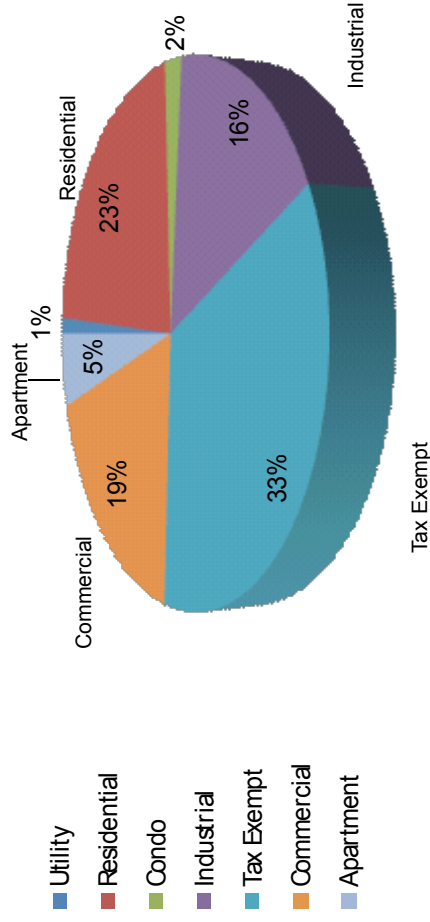
1. Equity. Right now taxpayers pay for all the costs regardless of how much they contribute. By having everyone pay – taxable and tax-exempt – and charging based on use, the system is much fairer. Currently, residential taxpayers subsidize most other users.

Residential taxpayers go from paying 59% of the costs to only 23%.

Based on Assessment



Based on Fees



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What are the benefits?

4. *Financial. By removing the costs of stormwater activities from the general fund budget and reducing the percentage of that cost that residential taxpayers must pay, the Authority will reduce the total cost to the average taxpayer all other factors being constant. Because the creation of a stormwater authority is not the only factor in putting together next year's budget, it is not possible to say whether it will result in taxes being reduced or simply not increasing (or increasing as much as they would otherwise) – but it is clear that the effect of a switch to a user fee for stormwater reduces the cost to the average taxpayer for those services.*

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What are the benefits?

1. Financial (continued).

Bottom line for residential taxpayers:

- *Residential taxpayers paid a total of **\$1,723,129*** for stormwater services in FY10-11.*
- *Residential taxpayers would pay a total of **\$1,108,228**** for the same exact stormwater services in FY11-12 if done through a Stormwater Authority.*

*Based on an estimate of \$2,920,557 in FY10-11 services

**Based on same \$2,920,557 in services, plus residential portion of \$350,000 City fee, plus high estimate for billing and credits/accounts receivable/reserve fund.

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What are the procedural steps?

1. BoA creates a Stormwater Authority – *by mid-February*
2. Structure including SWA and numeric estimates are submitted in March 1, 2011 budget submission
3. SWA incorporates; approves a Cost of Service study (initiated prior); passes regulations establishing method(s) of computing stormwater user fees, credits to those fees, and all other associated details; and passes a budget including a suggest fee schedule – *by mid-April*
4. The Finance Committee of the Board of Aldermen reviews the proposed budget and fee schedule of the Authority as part of their budget deliberations and makes any changes to it and the FY11-12 Budget – *according to Finance Committee's normal budget schedule*
5. Authority starts collecting fees for FY11-12 budget year